State Dept. review completed

DIA review(s) completed.

NAVY review(s) completed.

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208

1. Davis Strait sightings identified as submarine -- The Navy Department now considers the aircraft sightings of 1 July and 26 August to have been "almost certainly" a submarine, probably Soviet

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2. Argentina urges Spanish trade relations with USSR-

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informed Ambassador Bowers that Admiral Moreno, who represented Franco at the inauguration of Peron on June 4, carried back to Spain a personal letter from Peron to Franco urging that Spain enter into diplomatic relations with the USSR on the basis of trade.

EUROPE

- 3. USSR: Embassy urges Constellation sale be linked to bilateral pact--US Embassy Moscow urges that any purchase of Lockheed Constellation aircraft by the USSR be made contingent upon the conclusion of a satisfactory bilateral air transport agreement, because the Soviet desire to acquire such craft is the only available lever for obtaining Soviet cooperation in opening up world air routes on a non-discriminatory basis.
- 4. BULGARIA: Soviet army maneuvers on Turkish frontier -- The US Military Attache Athens reports that a Soviet army officer deserter stated during the early part of August that Soviet officers in Bulgaria were told in June that a training program had been approved for battalion and regimental maneuvers during July and August, division maneuvers in September, and full-scale army maneuvers on the Turkish frontier during October and November.
- 5. FRANCE: Bidault rejects deal offered by de Gaulle--Caffery reports that Bidault has rejected an offer by de Gaulle to refrain from "doing or saying" anything detrimental to MRP leaders during the coming election campaign, provided the MRP would agree (a) to participate in the Government only after the present Constitution is revised, and (b) to continue its campaign to revise the Constitution. Bidault believes that de Gaulle now will issue one of his "typical, lofty" statements, "oozing venom between the lines" for Bidault and his friends. Bidault believes that de

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Gaulle will not accept the presidency under the present Constitution but will "sit back and hope" that the Government will make such a "mess of it" that he will be recalled to power.

FAR EAST

6. CHINA: Plans for Dairen—Ambassador Stuart has repeated his previous recommendation of 21 June that regular courier service and radio communications be established for the US Consul General in Dairen. The latter reports that under the Soviet occupation he is as much cut off from the world as he was during his internment in Tokyo in 1942. The Ambassador has been informed by responsible officials of the Ministry of Foreign Affairs that the Chinese Government plans to take over the administration of Dairen in the near future in accordance with Sino-Soviet treaty of August 1945.